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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Procurement and contract management for peacekeeping operations

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 57/290 B of 18 June 2003, adopted following the report of Board of Auditors (A/57/5 (vol. II)) and the report of the Advisory Committee on Administrative and Budgetary Questions (A/57/772, paras. 116-119). In compliance with the resolution, the Secretary-General submitted his report of 7 April 2004 (A/58/761) to the General Assembly at its fifty-eighth session. The present report is an update covering the latest developments in the area of procurement and contract management in peacekeeping operations.

During the past 10 months, the Secretariat has continued its work on the development of ethical guidelines, which are now in the final stage of promulgation following consultation with various stakeholders. The Secretariat has also actively taken action to support and improve procurement and contract management, particularly in new peacekeeping missions, and has worked with the other United Nations organizations to review the procedures and processes governing vendor management so as to improve the quality of suppliers being utilized by the Organization to meet peacekeeping and other requirements.

The Secretary-General wishes to assure the General Assembly of the Secretariat's continued commitment to finding ways which will contribute to improving procurement and contract management in peacekeeping missions.

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I. Introduction

1. The present report provides the General Assembly with information on recent developments in the area of procurement and contract management for peacekeeping operations since the issuance of the report of the Secretary-General of 7 April 2004 (A/58/761). The Secretary-General wishes to inform the General Assembly of some noteworthy developments in the areas of ethics guidance, assistance to newly established peacekeeping missions, procurement training, vendor management and other measures taken to improve procurement and contract management for peacekeeping operations, as described in the subsequent paragraphs, to address the issues raised by the Board of Auditors in its report (A/57/5 (vol. II)) and by the Advisory Committee on Administrative and Budgetary Questions in its report (A/57/772).

II. Ethical responsibility

2. For staff members involved in the procurement process, the Secretariat has developed ethical guidelines in simple language and with practical examples to help them interpret how they should conduct themselves when confronted by an ethical issue associated with the procurement process. These guidelines were shared with other organizations within the United Nations system at the Inter-Agency Procurement Working Group (IAPWG) meeting, held from 31 May to 4 June 2004. There was considerable enthusiasm among the IAPWG membership and it is hoped that these guidelines will now be adopted by all United Nations organizations. The guidelines are in the process of being finalized after inclusion of further suggestions received at the IAPWG meeting and will be promulgated by the end of the first quarter of 2005. Upon promulgation, the Chief Procurement Officers will be instructed to distribute the guidelines to all staff members who are associated with the procurement process. The Procurement Service will also discuss this issue during the annual Chief Procurement Officers conference, scheduled to take place at Headquarters in the last week of April 2005. The guidelines will assist staff members serving in the peacekeeping missions to determine how they should conduct themselves in their dealings with suppliers and other outside entities. The Procurement Service has also drafted, in consultation with the Office of Human Resources Management and the Office of Legal Affairs, a "Declaration of ethical responsibilities". This declaration addresses specifically the issue of confidentiality and conflict of interest and would be signed by all staff members engaged in procurement activities. The "Declaration of ethical responsibilities" will be promulgated via a Secretary-General's bulletin, now under review, that will be entitled "Rules governing the conduct of staff engaged in procurement activities". The Procurement Service is also in the process of promulgating a United Nations vendor code of conduct. This document will also contribute to the implementation of the Global Compact principles in United Nations procurement practices by addressing the issue of corporate social responsibility, environmental and sustainable procurement and corruption. The members of IAPWG have agreed that the United Nations vendor code of conduct should not be confused with the United Nations General Conditions of Contract, a document that is an intrinsic part of all United Nations contracts and that requires strict compliance by suppliers. The code of conduct would be communicated to all suppliers interested in doing business with the United Nations system of organizations and would not be mandatory or of a

contractual nature. At the same time, the Office of Legal Affairs is coordinating an inter-agency working group to promulgate revised United Nations General Conditions of Contract.

III. Improved procurement and contract management in the peacekeeping missions

3. The Procurement Service released senior staff members to assist the newly established United Nations Stabilization Mission in Haiti (MINUSTAH) and the United Nations advance mission in the Sudan to facilitate negotiations of headquarters facilities lease agreements. A further management mission was undertaken by a senior staff member in support of the United Nations Mission in Liberia (UNMIL). To support the activities of newly established peacekeeping missions, several staff members of the Procurement Service have been assigned to perform procurement functions. In the case of UNMIL, a senior Procurement Officer was released in January 2004 followed by support staff in April and August 2004. Other staff members were also released to the United Nations Operation in Burundi (ONUB), the United Nations Operation in Côte d'Ivoire (UNOCI) in July 2004 and MINUSTAH in October 2004 to perform procurement functions. These missions are for periods ranging from a few days to several months, depending on the needs of the field mission in question. The retention of high quality procurement staff for sustained periods in the peacekeeping missions remains an issue.

4. The Secretariat has been actively involved in the development of a United Nations system-wide procurement training and certification programme, which has been developed by IAPWG under the guidance of the United Nations Staff College, Turin, Italy. Following successful discussions held at the IAPWG meeting in May 2004, the United Nations Staff College commenced work on this project in the third quarter of 2004. This training programme will ensure consistency in knowledge and facilitate mobility of staff members between Headquarters and the peacekeeping missions as well as within the United Nations system as a whole. A detailed project management plan has been developed and the Project Task Force is currently reviewing the spectrum of competencies for the United Nations certification programme, mapping the contents of the selected learning resources that already exist within the United Nations against the required competencies in order to ascertain whether or not it is possible to adapt selected learning resources into user-friendly and coherent training packages for use in the programme. The Project Task Force is meeting in February 2005 and the training itself is due to commence by the end of 2005. The training will include "train the trainer" programmes, face to face training and distance learning. This will enable the Procurement Service and the peacekeeping missions to deliver training programmes more frequently and with greater consistency and will facilitate the training of new staff members and staff members reassigned from other areas and/or other missions. In the meantime, the Procurement Service will organize a second round of the advanced field procurement training programme to upgrade skills of procurement staff in the field missions. The second round of training will take place in the first half of 2005 and will provide training to staff members from new missions, such as UNMIL, ONUB, UNOCI, MINUSTAH and the United Nations advance mission in the Sudan, as well as to those from other missions who were unable to attend the previous sessions. In addition to over 300 staff members who attended training

sessions in 2004, a second round of training sessions will train a minimum of 150 field staff during the first half of 2005.

5. In order to streamline the approval process for field requirements, which by the nature of the requirement lend themselves to local procurement, including maintenance, customs clearance, laundry/cleaning services, catering and utilities, the Procurement Service has been working with the Department of Peacekeeping Operations and the secretariat of the Headquarters Committee on Contracts to develop a standard personal delegation of authority document, which will be used across the field missions and offices away from Headquarters. This type of delegation is already the standard at Headquarters. The delegation for peacekeeping procurement raises the level of delegation to $1 million for the procurement of "core requirements", essential goods and services which by their nature, or owing to market conditions (e.g. prices fixed by legislation or government regulations), lend themselves to local procurement. The revised delegation of authority is being finalized and will be issued by the end of the first quarter of 2005. It is envisaged that the revised personal delegation will contribute to ensuring that each staff member is responsible and accountable for the efficient and effective use of the delegated authority.

6. As part of the Secretariat's effort to move towards performance-based contracts, quantifiable performance criteria are being included in new service contracts. The Secretariat has also taken steps towards establishing a generic quality assurance programme. To this end, a contract is being arranged to develop and implement a quality assurance programme, to teach the principles of quality management and to assist in the formulation of global quality assurance surveillance plans. This initiative is scheduled to commence in the United Nations Organization Mission in the Democratic Republic of the Congo in the spring of 2005. The Department of Peacekeeping Operations will, thereafter, disseminate the materials developed in this programme to all missions. This effort will be complemented by investment in Headquarters and mission data collection and information management systems.

IV. Excessive lead times

7. In spite of a further significant increase in the volume of procurement during 2004, the Procurement Service has worked hard to reduce the lead times for goods and services being provided to peacekeeping missions during the reporting period. With efficient use of staffing resources and new systems contracts in place, the processing time to issue a purchase order for several products was significantly reduced in 2004 compared to the processing time in 2003. For example, the processing time for vehicles was reduced by 26 per cent, computer and prefabricated buildings by 30 per cent and generator sets and pharmaceutical products by 54 per cent. As indicated in the previous report (A/58/761), information pertaining to systems contracts has been made available online to the peacekeeping missions by the Procurement Service in cooperation with the Department of Peacekeeping Operations. Peacekeeping missions are able to place orders directly against these "systems" contracts and thus reduce lead times for products regularly required, avail themselves of volume discounts and other favourable terms and conditions that would not be available to them through piecemeal or spot procurement and significantly reduce administrative duplication. Under this mechanism, the

Procurement Service monitors the overall financial obligation against the contract ceiling amount of the respective systems contracts in order to take corrective action, if and where necessary, in a timely manner. To facilitate data exchange between Headquarters and the peacekeeping missions, the Procurement Service has been working with the Department of Peacekeeping Operations to develop a common procurement management system. The business vision document for this initiative has been finalized and the development team will now work on the definition of objectives, scope and work plan during the first half of 2005. Development work will then commence and it is envisaged that the system will be completed and rolled out within one year. Once the common procurement management system has been developed, the exchange of data will be possible on a real-time basis via the Internet, giving further efficiencies and better oversight of the Secretariat's global procurement activities.

8. The Procurement Service has also been working with the Office of Legal Affairs to develop model lease and contract templates to facilitate the work of procurement officials in the peacekeeping missions. This is an ongoing effort to establish contract templates which are more appropriately suited for field use in order to ensure appropriate protection of the interests of the Organization through the use of standardized and legally correct terms and conditions. The use of templates also reduces lead times associated with contract formulation and provides the peacekeeping missions with a stronger legal position when it becomes necessary to negotiate the terms and conditions with contractors. This is of particular importance in newly established peacekeeping missions which do not as yet have the necessary infrastructure and support mechanisms in place on the ground.

V. Vendor performance reporting

9. In addition to the requirement for vendor performance reporting, which the Procurement Service requests from the peacekeeping missions for purposes of vendor management and renewal of contracts, the Procurement Service has been working with other organizations within the United Nations system to enhance the functionality of the United Nations Global Marketplace, to include a vendor performance/rating system to allow information sharing among all the participating United Nations organizations. The Secretariat started using the United Nations Global Marketplace in February 2004 and will deploy it to the peacekeeping missions during 2005.

10. Observance of reporting requirements relating to vendor performance remains an issue in the peacekeeping missions. However, the Secretariat has instituted measures to improve compliance and facilitate comprehensive vendor performance monitoring and reporting. All missions are now required to complete quarterly Intranet-based evaluations on vendor performance levels for Headquarters contracts. These reports permit management oversight of the implementation of contractual requirements and facilitate the timely identification of deteriorating performance levels, thus allowing the initiation of appropriate and timely corrective action. In addition, twice a year, field missions are required to complete supplier evaluation forms designed to gauge vendors' compliance with contractual specifications. In order to streamline this process further, the Department of Peacekeeping Operations and the Department of Management are actively reviewing their respective

information needs with the intent of consolidating vendor monitoring into one comprehensive tool satisfying all stakeholders.

VI. Vendor registration

11. A comprehensive review of vendor management conducted in the first quarter of 2004 made recommendations to simplify, streamline and harmonize the vendor registration process and to share this responsibility among the various United Nations organizations. The report was presented to the annual IAPWG meeting, held in May 2004, and many of the organizations of the United Nations system have agreed to implement the recommendations contained therein. Since that time, the Procurement Service has been working closely with the other organizations of the United Nations system to develop the business process and implement the recommendations contained in the report. The new arrangements are due to commence as of 1 May 2005 and will significantly improve the efficiency and effectiveness of vendor management in the United Nations system through standardized registration, a reduction in administrative duplication and the institution of dependable and professional evaluation of the capabilities of vendors wishing to do business with the United Nations. Under these arrangements, there will be a single point of entry with consistent procedures and with the different organizations being tasked to take the lead in evaluating and pre-qualifying vendors that provide goods or services in the markets where they possess the necessary technical expertise (e.g. air transport services — United Nations Secretariat; basic food commodities — World Food Programme; pharmaceuticals — World Health Organization and United Nations Children's Fund). Thus, in future, the peacekeeping missions will have access to a truly global vendor database complete with more comprehensive and reliable information on the vendors registered therein. In the meantime, the Procurement Service is assisting the peacekeeping missions in identifying potential suppliers wherever necessary.

VII. Acquisition planning by missions

12. With a budget of approximately $800 million for material, it is important for the Department of Peacekeeping Operations to maximize the utilization of existing assets within field missions. Therefore, the Department requires each mission to submit an acquisition plan identifying their material requirements for the upcoming fiscal year. The acquisition plan is based on a template identifying the major items that are required by each mission. The missions are given approximately 30 to 45 days to complete the template and return their plans to Headquarters. The technical sections of the Department review the mission acquisition plans to determine if the requirements can be filled by means other than procurement, such as reallocation of surplus holdings from ongoing missions and transfer from liquidating or downsizing missions. A separate analysis is conducted to see if the mission requirements can be satisfied from existing systems contracts; if so, field missions are advised accordingly. A consolidated list of material is also compiled to identify new opportunities for systems contracts or expansion of existing contracts. To ensure that the Department of Peacekeeping Operations submits the consolidated acquisition plan to the Procurement Service by 1 June of each financial year, the Department has an internal goal of submitting all acquisition plans to the

Procurement Service by 15 May. This has been difficult to achieve in new or recently established missions.

VIII. Conclusion

13. The Procurement Service is working together with the Department of Peacekeeping Operations to improve the skills and capacity of the peacekeeping missions in procurement and contract management. The Secretary-General wishes to assure the General Assembly of the Secretariat's continued commitment to finding ways which will contribute to improving the procurement and contract management in peacekeeping missions.

IX. Action to be taken by the General Assembly

14. **The General Assembly is requested to take note of the present report.**